



Jack B. Johnson
County Executive

THE PRINCE GEORGE'S COUNTY GOVERNMENT OFFICE OF THE COUNTY EXECUTIVE



March 26, 2003

The Honorable Peter A. Shapiro
and Members of the County Council
County Administration Building
Upper Marlboro, Maryland 20772

Dear Chairman Shapiro and Members of the County Council:

For your consideration and approval, I am pleased to submit the first proposed operating budget of my Administration. This budget demonstrates my commitment to navigate these difficult economic times by practicing fiscal leadership without compromising services to the citizens of this great County. Indeed, while it is easy to make great strides under ideal economic circumstances, it is most difficult for the promise of progress to be fulfilled in times of uncertainty. In spite of this, the Administration has made such a promise, and this budget confirms my resolve to keep it.

The proposed General Fund budget, which totals \$1,796,840,900¹, is an increase of approximately \$71.1 million or 4.1% above the FY2003 budget. Furthermore, while the overall budget increases modestly, virtually all of this increase is committed by law to the Board of Education and to pay for growth in the cost of fringe benefits for County employees. Listed below are some of the most significant components of this budget:

- Board of Education - \$1,174,791,700 (65.4%)
- Public Safety - \$232,679,700 (12.9%)
- Fund Balance Reserve
5% reserve by charter; 2% reserve to maintain AA bond rating and protect operations
- New "Livable Communities" initiative
- Increase funding for the Departments of Environmental Resources and Public Works and Transportation for community related enhancements

The County has experienced slower revenue growth over the last few years. Projections for FY2004 are no exception. Coupled with the resource commitment to education and fringe benefits is the reality that the State has already made \$15 million in cuts to such programs as highway user revenue and disparity grant aid, with the possibility that further cuts to local aid programs may occur. The County also faces contract negotiations with all of its bargaining units this year and needs to fund pension

¹ Figure for the General Fund total includes \$4,304,200 estimated from an Income Tax rate increase in FY04 (from 3.10% to 3.20%) starting from Jan. 1, 2004, to be proposed by the County Executive.

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and cost-of-living obligations. However, in spite of a tight revenue picture, the FY2004 budget is balanced and does not require layoffs to make expenditures balance against anticipated revenues.

All of this is to say that present circumstances call for very prudent policy. While I recognize that there are funding needs above and beyond this proposal, revenues simply will not support further expenditures.

Reductions in State Aid

As indicated above, the State is facing a budget crisis this year. This has led to a number of proposals for spending reductions as a means of achieving fiscal stability. The issue of the year, as you well know, is the introduction of video lottery terminals at racetracks. There are significant implications, both positive and negative, of any proposal. I assure the members of the County Council that my legislative team in Annapolis is staying on top of this complex and controversial issue so as to insure that our concerns are heard.

While slots are a huge issue this year, there are also a number of other crucial State related issues that must be addressed. The State has proposed to cut aid in a number of areas, all of which are important to the functions of local government. The Governor's budget has proposed to cut the County's income disparity grant by \$7.7 million. Aid to the Community College has been cut by \$750,000 in FY2003 and further in FY2004. Transportation related aid, including highway user revenue, has been proposed to be cut by \$6.5 million. On the public schools front, the State has eliminated the \$14.1 million magnet aid program.

As difficult as these cuts are, there is a real possibility that the situation could get worse. The State is considering withholding 3% of the County's share of income tax receipts, a move that will cost the County government an estimated \$10 million. The General Assembly is considering reducing funding for the Teacher Salary Challenge Program, a \$4.6 million program that supplements local pay increases for teachers.

The County is not in a position to replace these funds should the State follow-through with these cuts. Therefore, I will do everything possible to advocate on behalf of the citizens in Prince George's County, who are the beneficiaries of these and other related programs.

Education and Library

The education of our children is one of the highest priorities of this administration. As such, the Board of Education receives the lion's share of the County budget (65.4%) which translates into a budget that approaches \$1.18 billion. This is commensurate with how crucial the success of our public schools is to all other aspects of life in Prince George's County. We cannot expect to have an outstanding workforce without high quality public education. We cannot expect to have the economic

development opportunities that we deserve without high quality public education. We cannot expect to attract and retain vibrant, professional residents without high quality public education. Improving our public schools and demanding excellence is the cornerstone to fulfilling the promise of making Prince George's County the best community in the nation to live and work.

In FY2004, the County's contribution to the Board will increase by \$24.3 million through meeting our maintenance-of-effort requirements and contributing \$34 million through the 8% telecommunications tax. The State is also a very large contributor to the Board's overall revenue (\$566.6 million programmed in FY2004). Much of this funding is due to the landmark passage of the Bridge to Excellence in Public Schools Act of 2002 (also known as SB 856 or the "Thornton Commission" legislation). However, with the State facing a revenue shortfall, there will be significant pressure to cut aid to local governments, including aid to fund public schools.

This year, the State has already chosen to eliminate or reduce a number of targeted grant programs as a result of the passage of the "Bridge to Excellence" legislation. The largest of these grants is the Magnet Aid program (\$14.1 million). While the Board included this grant in their proposed budget transmitted to the County, there is no provision in the Governor's budget for this funding. Furthermore, there is no evidence that the General Assembly is inclined to restore this grant program. While the budget proposed by this administration anticipates State aid according to the Governor's Budget, I will continue to urge the State to fully fund the County's Magnet Aid and provide other funding sources necessary to insure that our schools have all the advantages of any first-class educational institution.

In 2002, the State promised to support equity and excellence in public education. Many Delegates and Senators identified the fact that there are vast disparities in the schools our children attend in spite of local government's best efforts. Now, in 2003, it is time for them to keep that promise. While we will not know what the final levels of funding will be until the legislative session concludes in the coming weeks, I am continuing to call upon the General Assembly to fully fund our children's future.

Another important part of making Prince George's County a premier community is encouraging our citizens to be life-long learners. Our public libraries and our Community College are key players in this aspect of County life. In FY2004, we look to enhance the effectiveness of their roles while keeping funding levels constant.

The Memorial Library system will open the new, full-service Accokeek Branch this year. Once completed, the newly enlarged Sojourner Truth Room at the Oxon Hill Library will provide a one-of-a-kind collection and programs on African-American history

Public Safety

As the events of September 11, 2001 changed the nation forever, so, too, did they change the nature of local government public safety. Given the proximity of Prince

George's County to Washington, D.C., our local law enforcement and emergency personnel must be prepared to combat the threats brought by chemical, biological and other weapons of mass destruction in addition to their traditional roles of combating crime and fire. Government institutions must also be prepared to meet this threat.

We are now coordinating the various agencies to protect citizens under the new paradigm created by global terrorism. This new approach will draw on resources currently housed in several County agencies, primarily Fire/EMS and the Office of Information Technology and Communications. While there is no such department appearing in the proposed budget, all of the elements are fully funded as they currently appear within each department.

In addition to this major change, I have always recognized that in order for Prince George's County to be a first-class community we must have a first-class police force and a crime rate that is lower than it is today. We must also be able to deliver Fire and Emergency Medical System (EMS) services on demand to our citizens when their safety or that of their loved ones is in danger. It is rightfully so that the County's second largest expenditure item is always in public safety. FY2004 is no different. Public Safety expenditures are \$232.7 million under this budget. This represents 12.9% of the entire expense budget and a 2.5% increase over FY2003.

While crime has dropped recently by 30%, we must continue our work until we can say with confidence that no resident is ever afraid to walk the streets of their community in the evening or park their car at the mall. It is for this reason that I have recently chosen a new police chief. Chief designee Melvin High is committed to the concept of "community policing" and possesses the experience to make it work. As crime continues to decrease, we will be that much closer to realizing our dream of a first-class community.

Economic Development

My administration will aggressively pursue a unique and innovative economic development policy. Since taking office in December 2002, my staff and I have engaged in a comprehensive and on-going discussion on how to structure County government in such a way as to facilitate economic development. Agencies within government often conduct activities and programs that hinder those of other agencies in this critical area. This will change under my administration.

The shift has already begun to manifest itself in the establishment of "economic clusters" which bring together numerous agencies to focus on economic development projects. These "clusters" incorporate the knowledge and skill-sets of staff in nearly a dozen government agencies. This approach represents the future in economic development decision-making.

While this government has begun to make great strides in implementing effective economic development policy, there is much more to be done. I have committed myself

to making even more improvements in the future. We must be more effective in reaching out to members of the business community by putting a public face on Prince George's County that reflects what those of us who live here already know – that Prince George's County is a jurisdiction full of great economic opportunity for any business or individual that is fortunate enough to share our community. Also, we must be more vigilant in our pursuit of high quality housing stock. The new structure that I have cited above represents the initiation of a program that will achieve these goals. Furthermore, the budget I am proposing assumes such a structural arrangement at its foundation. Therefore, I urge the Council to consider this during its deliberations.

Livable Communities

Another example of how I intend to change current practice is the Livable Communities Taskforce, an inter-agency platform through which creative and innovative solutions to long-standing problems can be fostered in an environment that cuts through the traditional “red-tape” of antiquated bureaucratic structures. The Taskforce is developing ways to bring government, the business community, the faith-based community and community organizers together for the common purpose of cleaning-up our neighborhoods and roadways and making the County more aesthetically pleasing.

Another quality of life issue that warrants greater focus is the degree to which our citizens lack access to quality healthcare. We cannot claim to live in a great community if we knowingly neglect the needs of our most vulnerable citizens. There are too many cases in our community of individuals whose relatively minor health problems became exacerbated simply because they did not receive *routine* medical attention. That is why my administration will promote the expansion of clinical care as a means of providing preventive maintenance and primary healthcare for the 90,000 uninsured residents of Prince George's County.

Finally, the FY2004 proposed operating budget offers nearly \$1 million in neighborhood and community enhancements. I have programmed additional funding to enable the Department of Public Works and Transportation to clean our streets and make the aesthetic qualities of our neighborhoods and communities worthy of the residents who live there. In addition, I have included funding for new sidewalks and road work in my proposed capital budget. I have also programmed funds to allow the Department of Environmental Resources to “crack-down” on code violators who have not maintained the visual quality of buildings in our residential and commercial areas. These are significant enhancements, but I believe it is vital to our quality of life to have a County that has the look and feel of a first-class community.

Capital Priorities: Schools and Roads

Providing funding for capital projects is key to enhancing all aspects of community life. Whether it is providing greater service capacity for government institutions, building schools to meet future needs, or developing a transportation infrastructure that is built for competition in the 21st Century, this administration will not

neglect the long-term capital needs of this County. Chief among these needs are enhancements to schools and roads.

In FY2004, the County will open three new schools: Samuel P. Massie Elementary (formerly known as Hil-Mar Elementary), Colmar Manor Elementary, and Oxon Hill Area elementary. This means that the County will have opened fifteen new schools in the last five years. This has helped the County keep pace with enrollment growth and relieve over-crowding in some areas, but much more needs to be done. Since neither the County nor the State possess the financial resources for school construction to the degree they have in the past, we are determined to refocus the funds that are available to meet the most critical needs. Projections indicate that the County faces the greatest overcrowding concerns at the high school level. Given this information, the County must put more of its resources into high school construction rather than elementary and middle school construction, which has been the focus in the past.

As stated above, we cannot succeed as a community without committing ourselves to the success of the public schools. Part of this commitment involves insuring that our children and young adults have the best learning environments in which their young minds can expand and excel. Currently, there are 91 schools in this County that are in need of repair. Across the County, in too many communities, we have children going to class in trailers. These conditions are completely unacceptable and are incompatible with my administration's vision for this County. This budget provides a long-term plan that will build and transform our schools into new, state-of-the-art educational institutions of the future. This transformation will play a cardinal role in making the promise of academic success a present-tense reality.

With respect to roads, it is critical that Prince George's County have a first-class transportation network if it is to be competitive regionally. In FY2004, the Capital Budget includes major construction projects as well as a major focus placed on extensive road rehabilitation and resurfacing projects. These construction/rehabilitation projects include: Phase III of Ammendale/Virginia Manor Roads; major roadway resurfacing for Racetrack Road, Brinkley Road, Brown Station Road, Ellin Road, Woodmore Road, Livingston Road, Gallahan Road, Allentown Road, Seat Pleasant Drive, Marlboro Pike and Bock Road; and five bridge replacement projects. I have also included in the FY2004 budget funding for the Department of Public Works and Transportation to continue its participation in construction of the Woodrow Wilson Bridge replacement project. This is in addition to all of the major roadway enhancements mentioned previously.

Spending Affordability

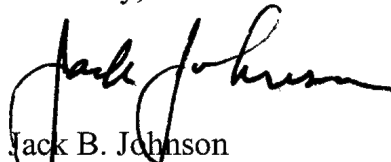
The Spending Affordability Committee (SAC) has continued to provide valuable, independent analysis of our revenue and expenditure outlook. For FY2004, the Committee recommended an overall spending ceiling of \$1.789 billion. This year, my proposed budget spending level is \$7.9 million above the SAC's recommendations,

primarily due to the fact that we expect to receive more telecommunications tax revenue than originally anticipated.

This budget manages the County's resources with a great deal of fiscal prudence under the present economic circumstances. My administration has not only maintained, but enhanced funding in priority areas (Livable Communities, Public Safety and Education) in spite of adverse economic conditions. This proposed budget allows for the continued provision of services to our citizens while maintaining our sound financial position.

I look forward to working with the County Council in the coming weeks to review the budget in greater detail. Thank you in advance for your thoughtful consideration and your continued service to the citizens of Prince George's County.

Sincerely,



Jack B. Johnson
County Executive